

STATE OF NEW YORK

6655

2023-2024 Regular Sessions

IN ASSEMBLY

April 25, 2023

Introduced by M. of A. L. ROSENTHAL -- read once and referred to the
Committee on Housing

AN ACT to amend the general municipal law, the local finance law, and
the private housing finance law, in relation to the modernization of
affordable housing financing authorities; and to repeal certain
provisions of the private housing finance law relating thereto

The People of the State of New York, represented in Senate and Assem-
bly, do enact as follows:

1 Section 1. Paragraphs a, c and g of subdivision 1 of section 696-a of
2 the general municipal law, as amended by chapter 320 of the laws of
3 1999, are amended to read as follows:

4 a. Notwithstanding the provisions of any general, special or local
5 law, an agency is hereby authorized to make or contract to make grants
6 or loans to the owner of any property that is part of an urban develop-
7 ment action area project for the purpose of (i) rehabilitation of an
8 existing private or multiple dwelling, (ii) providing site improvements
9 within the urban development action area in which the urban development
10 action area project is located, including, but not limited to, water and
11 sewer facilities, sidewalks, landscaping, parks and open space, social,
12 recreational, communal and other non-residential facilities and the
13 outfitting thereof, the curing of problems caused by abnormal site
14 conditions, excavation and construction of footings and foundations and
15 other improvements associated with the provision of infrastructure, or
16 (iii) providing for other costs of construction for the development of
17 private and multiple dwelling housing accommodations.

18 c. Any loan made in accordance with this section shall be secured by a
19 note and mortgage upon the property, or any portion of such property,
20 improved or, in the case of a condominium, a note and mortgage upon each
21 of the housing accommodations aided by such loan, or in the case of a
22 cooperative housing corporation, a note and mortgage upon the economic
23 interest in such corporation of each tenant-shareholder aided by such

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

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1 loan, or upon the property, or any portion of such property, improved,
2 or upon both such economic interest or property; provided, however, that
3 all or part of any such loan may be unsecured if necessary to satisfy
4 the requirements of any participating lender. Such loan shall be repaid
5 over such period as the agency shall determine.

6 g. For purposes of this section, (i) the term "mortgage" shall include
7 any pledge or assignment of shares or assignment of a proprietary lease
8 in a cooperative housing corporation where such pledge or assignment is
9 intended as security for the performance of an obligation and which
10 imposes a lien on or affects title to such shares or such proprietary
11 lease; and (ii) the term "owner" shall mean an individual, partnership,
12 corporation or other entity, including a non-profit company, a mutual
13 company, or a housing development fund company, having record or benefi-
14 cial title in fee simple to real property or the lessee thereof under a
15 lease having a term of at least forty-nine years.

16 § 2. Section 696-a of the general municipal law, as amended by chapter
17 465 of the laws of 1993, is amended to read as follows:

18 § 696-a. Loans. Notwithstanding the provisions of any general, special
19 or local law, an agency is hereby authorized to make or contract to make
20 grants or loans[~~+(i)~~] to the owner of any property that is part of an
21 urban development action area project for the purpose of: (i) rehabili-
22 tation of an existing private or multiple dwelling, (ii) [~~for the~~
23 ~~purpose of~~] providing site improvements within the urban development
24 action area in which the urban development action area project is
25 located, including, but not limited to, water and sewer facilities,
26 sidewalks, landscaping, parks and open space, social, recreational,
27 communal and other non-residential facilities and the outfitting there-
28 of, the curing of problems caused by abnormal site conditions, exca-
29 vation and construction of footings and foundations and other improve-
30 ments associated with the provision of infrastructure, or (iii) [~~for the~~
31 ~~purpose of~~] providing for other costs of construction for the develop-
32 ment of private and multiple dwelling housing accommodations. In the
33 case of a grant made under this section for the rehabilitation of an
34 existing multiple dwelling intended to be converted to a condominium or
35 cooperative form of ownership or for the development of one to four unit
36 housing accommodations or a condominium or cooperative housing corpo-
37 ration, such grant shall require a regulatory agreement with the agency
38 limiting profits. Any loan made in accordance with this section shall be
39 secured by a note and mortgage upon the property, or any portion of such
40 property, improved or, in the case of a condominium, a note and mortgage
41 upon each of the housing accommodations aided by such loan, or in the
42 case of a cooperative housing corporation, a note and mortgage upon the
43 economic interest in such corporation of each tenant-shareholder aided
44 by such loan, or upon the property, or any portion of such property,
45 improved, or upon both such economic interest or property; provided,
46 however, that all or part of any such loan may be unsecured if necessary
47 to satisfy the requirements of any participating lender. Such loan
48 shall be repaid over such period as the agency shall determine. In the
49 case of a loan for rehabilitation of an existing multiple dwelling
50 intended to be converted to a condominium or cooperative form of owner-
51 ship or a loan for the provision of infrastructure or for the provision
52 of other costs of construction for the development of one to four unit
53 housing accommodations or a condominium or cooperative housing corpo-
54 ration, such note and mortgage may provide that the loan shall automat-
55 ically be reduced to zero over a period of owner-occupancy of the hous-
56 ing accommodations assisted by such loan. In the case of a grant or loan

made under this section for the purpose of providing rental housing for persons of low income as defined in section two of the private housing finance law, such loan or grant shall require a regulatory agreement with the agency limiting profits and rentals charged. In the case of a loan made under this section for the purpose of providing rental housing for persons of low income as defined in section two of the private housing finance law, such note and mortgage may provide that the loan shall automatically be reduced to zero over a period of up to thirty years of compliance by the owner with a regulatory agreement with the agency limiting profits and rentals charged. The repayment of any loan made in accordance with this section shall be made in such manner as may be provided in such note and mortgage in connection with such loan, and may authorize the owner, with the consent of the agency, to prepay the principal of the loan subject to such terms and conditions as therein provided. Such note and mortgage may contain such other terms and conditions not inconsistent with the provisions of this article as the agency may deem necessary or desirable to carrying out the purposes and provisions of this article including, but not limited to, provisions concerning the repayment of the loan, the interest, if any, thereon, and other charges in connection therewith. For purposes of this section, (1) the term "mortgage" shall include any pledge or assignment of shares or assignment of a proprietary lease in a cooperative housing corporation where such pledge or assignment is intended as security for the performance of an obligation and which imposes a lien on or affects title to such shares or such proprietary lease; and (2) the term "owner" shall mean an individual, partnership, corporation or other entity, including a non-profit company, a mutual company, or a housing development fund company, having record or beneficial title in fee simple to real property or the lessee thereof under a lease having a term of at least forty-nine years.

§ 3. The general municipal law is amended by adding a new section 696-e to read as follows:

§ 696-e. Servicing. An agency may make provision for the performance of loan or grant servicing functions, including but not limited to functions related to lending or providing a grant for construction, as may generally be performed by an institutional lender. Such agency may act in such capacity or appoint or consent to the appointment of a financial institution or other qualified entity, as determined by such agency, to act in such capacity on behalf of such agency. Such agency is authorized to pay a reasonable and customary fee to such financial institution or other qualified entity for the performance of such services.

§ 4. Subdivision 41 of paragraph a of section 11.00 of the local finance law, as amended by chapter 400 of the laws of 1994, is amended to read as follows:

41. Housing. The effectuating of any of the purposes of the public housing law, other than making loans to limited profit housing companies pursuant to article two of the private housing finance law, and other than making loans to owners of existing multiple dwellings, fifty years; bonds issued by a housing authority pursuant to section forty-one of the public housing law and guaranteed by a municipality pursuant to section ninety-five of the public housing law, five years, in addition to the foregoing period of fifty years, for the temporary financing of a project prior to the permanent financing thereof; evidences of indebtedness issued to the state pursuant to paragraph c of section 20.00 of this chapter, three years, in addition to the foregoing period of fifty years for the temporary financing of a project prior to the permanent

1 financing thereof; loans to limited profit housing companies pursuant to
2 article two of the private housing finance law, fifty-five years; loans
3 or grants to owners of existing private or multiple dwellings, non-resi-
4 dential property, or vacant land pursuant to the provisions of article
5 eight, article eight-A, article eight-B, article eleven or article
6 fifteen of the private housing finance law, or loans for the
7 construction of multiple dwellings pursuant to article eleven of the
8 private housing finance law, or loans or grants for the pre-development
9 costs or construction of private or multiple dwellings pursuant to arti-
10 cle twenty-two of the private housing finance law, thirty years.

11 § 5. Section 2 of the private housing finance law is amended by adding
12 a new subdivision 30 to read as follows:

13 30. "Climate resiliency improvements." Improvements for the purpose of
14 protecting land or any structures thereon from damage resulting from or
15 which may result from changes in climate, including, but not limited to,
16 extreme weather events, abnormal temperatures, and sea level rise, or of
17 reducing the impact of the operation of such structures on climate
18 change, including, but not limited to, improvements that reduce energy
19 consumption or promote the efficient use of natural resources.

20 § 6. Section 400 of the private housing finance law is amended to read
21 as follows:

22 § 400. Policy and purposes of article. It is hereby declared that
23 there exists in municipalities in this state a seriously inadequate
24 supply of safe and sanitary dwelling accommodations for persons and
25 families of low income; that such shortage constitutes an emergency and
26 a grave menace to the health, safety, morals, welfare and comfort of
27 citizens of this state; that there exists in such municipalities a large
28 number of multiple dwellings which are inadequate, unsafe or insanitary
29 by reason of the absence of proper heating facilities or by reason of
30 the necessity for elimination of conditions dangerous to human life or
31 detrimental to health, including nuisances as defined[7] in section
32 three hundred nine of the multiple dwelling law, or for other rehabili-
33 tation or improvement and which can be made adequate, safe and sanitary,
34 by the installation of proper heating facilities or by other rehabili-
35 tation, preservation or improvement or by the elimination of such condi-
36 tions; that such installation, rehabilitation, preservation or improve-
37 ment cannot readily be provided by the ordinary unaided operation of
38 private enterprise for occupancy by persons or families of low income
39 without public aid in the form of low interest loans or grants to owners
40 of such multiple dwellings for the purpose of such installation, reha-
41 bilitation, preservation or improvement; that the installation of proper
42 heating facilities in such multiple dwellings or other rehabilitation,
43 preservation or improvement thereof for occupancy by persons of low
44 income as defined in this article is a public use and a public purpose
45 for which public money may be loaned or granted; that such conditions
46 require the provisions hereinafter enacted; and the necessity in the
47 public interest for the provisions hereinafter enacted is hereby
48 declared as a matter of legislative determination.

49 § 7. Subdivision 3 of section 401 of the private housing finance law,
50 paragraph a as amended by chapter 44 of the laws of 1976, and paragraph
51 b as amended by chapter 904 of the laws of 1962, is amended to read as
52 follows:

53 3. a. The term "persons or families of low income" shall mean "persons
54 of low income" or "families of low income" as defined in section two of
55 this chapter[7, ~~whose probable aggregate annual income during the period~~
56 ~~of occupancy does not exceed six times the rental (including the value~~

~~or cost to them of heat, light, water and cooking fuel) of dwelling units occupied by such persons or families in existing multiple dwellings aided by a loan pursuant to this article, except that in the case of persons or families with three or more dependents, such ratio shall not exceed seven to one, and except further that the income limitations prescribed by this paragraph shall be subject to the provisions of subdivision two of section four hundred three of this article.~~

~~In calculating annual income, social security payments and income received from private pension funds by any person sixty-two years of age or more shall be excluded up to a total maximum amount of seventy-five dollars per month. The term "probable aggregate annual income" means the annual income of the chief wage earner of the family, plus all other income of other members of the family over the age of twenty-one years, plus a proportion of income of gainfully employed members under the age of twenty-one years, the proportion to be determined by the agency. The agency may exclude a proportion of the income of other members of the family over the age of twenty-one years for the purpose of determining eligibility for commencement of occupancy or continued occupancy, or for establishing rental of such family, or for all such purposes].~~

b. Notwithstanding the provisions of paragraph a of this subdivision, ~~[and subject to the provisions of subdivision three of section four hundred three of this article]~~ the term "persons or families of low income" shall also mean any person or family who, immediately prior to the date on which a contract for a loan with respect to an existing multiple dwelling is entered into pursuant to the provisions of this article, occupies any dwelling unit in such multiple dwelling and who continuously occupies such unit during and after completion of central heating or other rehabilitation or improvement performed pursuant to such contract provided, however, that any person or family required to remove from any such dwelling unit because of such installation, rehabilitation or improvement shall, for the purpose of this section, be deemed to have continuously occupied such unit and shall have preference in re-entering such multiple dwelling upon completion of the aforesaid work.

§ 8. Subdivision 6 of section 401 of the private housing finance law, as added by chapter 505 of the laws of 1973, is amended to read as follows:

6. The term "owner" shall mean a person having record or beneficial title in fee simple to real property or the lessee thereof under a lease having an unexpired term of at least thirty years.

§ 9. Subdivision 1 of section 402 of the private housing finance law, as amended by chapter 808 of the laws of 1971, is amended and a new subdivision 1-a is added to read as follows:

1. Notwithstanding the provisions of any general, special or local law, a municipality, by such officer or agency as determined by its local legislative body, is hereby authorized:

(a) to make or contract to make loans to the owners of existing multiple dwellings within its territorial limits, subject to the limitations in subdivision two of this section, in such amounts as may be required for the installation of proper heating facilities, the incorporation of climate resiliency improvements or elimination of conditions dangerous to human life or detrimental to health, including nuisances as defined in section three hundred nine of the multiple dwelling law, or other rehabilitation, preservation or improvement of such multiple dwellings, and if such owner acquires the multiple dwelling for the purposes of such rehabilitation, preservation or improvement or owns the multiple

dwelling subject to an outstanding indebtedness, such loans may be made exclusively for or may include such amounts as may be required for the cost of such acquisition or for the refinancing of such outstanding indebtedness, and may make temporary loans or advances to such owners in anticipation of the permanent municipal loans for such purposes[~~✓~~]; and

(b) to make or contract to make grants to any owner described in paragraph (a) of this subdivision, on the same terms as permitted under such paragraph for a loan.

1-a. As used in this article, the term "loan" shall include any grant made by a municipality pursuant to this section, provided, however, that any provision of this article concerning the repayment or forgiveness of, or security for, a loan shall not apply to any grant made pursuant to this article.

§ 10. Subdivisions 2-a, 2-b, and 2-c of section 402 of the private housing finance law, subdivision 2-a as added by chapter 213 of the laws of 1975, subdivision 2-b as amended by chapter 362 of the laws of 2000, and subdivision 2-c as amended by chapter 101 of the laws of 1994, are amended to read as follows:

~~2-a. [As used in this section the term "value" shall mean the "as is" value of the multiple dwelling and the land upon which it is situated prior to such installation, elimination, other rehabilitation or improvement referred to in subdivision one of this section plus the total of all costs of such installation, elimination, rehabilitation or improvement including, but not limited to, the costs of any or all undertakings necessary for the planning, financing, tenant relocation, acquisition, construction, equipment and development in connection therewith.~~

~~2-b.]~~ (a) Each permanent loan shall be secured by a bond and mortgage or note and mortgage upon the multiple dwelling, or any portion of such multiple dwelling, and the land upon which it is situated[~~✓~~, ~~where the loan is made to an owner who is a lessee, such loan shall be secured by a first lien on such property~~].

~~(b) [The amount of any such loan shall not exceed the cost of the installation of proper heating facilities, or elimination of conditions dangerous to human life or detrimental to health, including nuisances as defined in section three hundred nine of the multiple dwelling law, or other rehabilitation or improvement provided that, if any portion of such loan is used for the cost of acquisition of the land and the multiple dwelling or for re-financing, the total amount of such loan shall not exceed two times the cost of such installation, elimination of such conditions, rehabilitation or improvement.~~

~~(c) The amount of any such loan, together with the amount of all prior liens and encumbrances, shall not exceed, except in the case of a loan made to a non-profit company, a mutual company, or a housing development fund company, ninety per centum of the value of the property, after completion of the installation of proper heating facilities, or elimination of such conditions or other rehabilitation or improvement, as estimated by the agency, unless the agency makes a written determination that the owner has insufficient resources to pay for the remaining ten per centum of the value of the property, after completion of such installation, elimination, or other rehabilitation or improvement, as estimated by the agency, in which case such loan shall not exceed ninety-five per centum of the value of the property, after completion of the installation of proper heating facilities, or elimination of such conditions or other rehabilitation or improvement, as estimated by the agency. The amount of any such loan, together with the amount of all prior~~

~~liens and encumbrances, made to a non-profit company, a mutual company, or a housing development fund company shall not exceed the value of the property after completion of such installation, elimination, or other rehabilitation or improvement, as estimated by the agency provided that when after completion of such installation, elimination or other rehabilitation or improvement, such project is, or is to be operated exclusively for the benefit of persons or families who are entitled to occupancy by reason of ownership of stock in the corporate owners, such loan shall not exceed ninety-eight percentum of the value of the property, after completion of such installation, elimination, or other rehabilitation or improvement, as estimated by the agency, unless the agency makes a written determination that the owner has insufficient resources to pay for the remaining two per centum of the value of the property, after completion of such installation, elimination, or other rehabilitation or improvement, as estimated by the agency, in which case such loan shall not exceed the value of the property, after completion of such installation, elimination, or other rehabilitation or improvement, as estimated by the agency.~~

~~(d)] Each such bond and mortgage or note and mortgage shall be repaid over or within a period of [thirty] thirty-five years, provided that such period may be extended and shall be repaid within thirty-five years, in such manner as may be provided in such bond and mortgage or note and mortgage and contract ~~[but in no case to exceed the probable life of the multiple dwelling which is hereby determined to be thirty years]~~. Such bond and mortgage or note and mortgage and the contract in connection with such permanent and temporary loans may contain such other terms and provisions not inconsistent with the provisions of this article as the local legislative body or the agency may deem necessary or desirable to secure repayment of the loan, the interest thereon and other charges in connection therewith and to carry out the purposes and provisions of this article~~[, notwithstanding the foregoing, a loan made prior to January first, nineteen hundred seventy eight may, in the discretion of the agency, be extended to a term up to forty five years. The agency may modify the rate and time of payment of interest on the original loan and the rate and time of amortization of principal in such manner as required to secure payment of the loan within the extended term]~~.~~

~~[2-e.]~~ 2-b. If a loan pursuant to this article is made to a non-profit company or a housing development fund company which agrees to provide housing accommodations exclusively for persons and families of low income, at least thirty percent of whom are referred to it by the municipality and have prior to their initial occupancy in such accommodations resided in emergency shelter facilities operated by or on behalf of the municipality, the agency may provide that the note and mortgage shall automatically be reduced to zero in five equal annual decrements commencing on the tenth year after the initial occupancy date, provided that such accommodations have been owned and operated in a manner consistent with an agreement with the municipality contained in such note and mortgage to provide housing for such persons.

§ 11. Subdivisions 2, 3, 4 and 5 of section 403 of the private housing finance law, subdivision 2, paragraphs a, b and c of subdivision 3 and subdivision 4 as amended by chapter 904 of the laws of 1962, are amended to read as follows:

2. ~~[In the event that after any person or family included within the provisions of paragraph a of subdivision three of section four hundred one of this article, but not included within the provisions of paragraph~~

~~b of such subdivision three, begins occupancy of any dwelling unit in any multiple dwelling aided by a loan pursuant to this article, and during the period while such dwelling unit is subject to a maximum rent prescribed pursuant to this article, the income of such person or family increases so as to exceed the applicable maximum prescribed by such paragraph a by more than fifty per centum, such person shall be subject to removal from such dwelling with the approval of the agency.~~

~~3. a. In the event that on the date on which a contract for a loan is made with respect to a multiple dwelling aided by a loan pursuant to this article, any person or family occupying a dwelling unit in such multiple dwelling and included within the provisions of paragraph b of subdivision three of section four hundred one of this article, has a probable aggregate annual income, as determined in accordance with the provisions of paragraph a of such subdivision three, which exceeds the income limits specified in such paragraph a by more than fifty per cent, such person or family shall be subject to removal from such dwelling unit with the approval of the agency upon the expiration of a period of two years after the date on which such contract is entered into.~~

~~b. In the event that at any time within a period of two years after any such contract is entered into, the income of any such person or family increases so as to exceed the income limits specified in such paragraph a by more than fifty per cent, such person or family shall be subject to removal from such dwelling unit with the approval of the agency upon the expiration of such period of two years.~~

~~c. If, at any time subsequent to the expiration of a period of two years after any such contract is entered into, and during the period while the dwelling unit occupied by any such person or family is subject to a maximum rent prescribed pursuant to this article, the income of such person or family increases so as to exceed the income limits specified in such paragraph a by more than fifty per cent, such person or family shall be subject to removal from such dwelling unit with the approval of the agency.~~

~~4.] Any person or family in occupancy[, whether included within the provisions of paragraph a or paragraph b of subdivision three of section four hundred one of this article, whose income exceeds the maximum prescribed by the provisions of such paragraph a with respect to the time of beginning of occupancy, shall] whose income precludes the inclusion of such person or family within the definition provided in paragraph a of subdivision three of section four hundred one of this article may be required to pay a rental surcharge in accordance with a schedule of surcharges to be promulgated by the agency. In determining imposition of any such surcharge, the agency shall consider factors such as the net operating income and debt service coverage ratio of the property aided by a loan pursuant to this article. Rental surcharges collected pursuant to this section shall be paid by the owner to the municipality which has granted such owner tax exemption or tax abatement pursuant to any law authorizing the granting of same, as reimbursement to such municipality therefor. In the event that such tax exemption and tax abatement have not been granted, or in the event that a sum equal to the total amount of tax exemption and tax abatement granted to the owner has been paid to the municipality, the excess, if any, of surcharges shall be paid to the municipality in reduction of the loan.~~

~~[5. Any person or family whose removal is required by any provision of this article shall be subject to removal by summary proceedings.]~~

§ 12. The opening paragraph of subdivision 1 of section 404 of the private housing finance law, as added by chapter 904 of the laws of 1962, is amended to read as follows:

No such loan shall be made by a municipality to an owner of an existing multiple dwelling unless the owner of such multiple dwelling ~~[and all persons holding a lien prior to that of the municipality]~~ shall covenant in writing that so long as any part of such loan remains unpaid, any exemption and abatement from taxation on the property resulting from the installations, alterations or improvements made with such loan remains in effect or for a period of at least ten years from the occupancy date, whichever is the later:

§ 13. Section 450 of the private housing finance law, as amended by chapter 273 of the laws of 1975, is amended to read as follows:

§ 450. Policy and purposes of article. It is hereby declared that there exists in municipalities in this state a seriously inadequate supply of safe and sanitary dwelling accommodations; that such shortage constitutes an emergency and a grave menace to the health, safety, morals, welfare and comfort of citizens of this state; that existing conditions of deterioration of housing marked by noncompliance with the multiple dwelling law or local housing codes threaten a further decrease in such supply; that rehabilitation and improvement of dwellings to prolong the useful life of such dwellings may be necessary to arrest such conditions of deterioration; that the elimination of such conditions by rehabilitation or other improvement cannot readily be provided by the ordinary unaided operation of private enterprise without public aid in the form of low interest loans or grants to owners of such multiple dwellings; that such rehabilitation or other improvement of such dwellings to bring them into conformance with the multiple dwelling law and local housing codes is a public use, a public purpose and a city purpose for which public money may be loaned or granted by a municipality and for which indebtedness may be contracted by a municipality; that such conditions require the provisions hereinafter enacted, and the necessity in the public interest for the provisions hereinafter enacted is hereby declared as a matter of legislative determination.

§ 14. Subdivisions 2 and 3 of section 451 of the private housing finance law, subdivision 2 as amended by chapter 705 of the laws of 1976 and subdivision 3 as amended by chapter 269 of the laws of 1985, are amended to read as follows:

2. "Occupancy by persons of low income." Occupancy by ~~[persons paying rentals or carrying charges not in excess of the average rentals or carrying charges prevailing in local projects of municipally aided limited profit housing companies aided under article two of this chapter, the occupancy of which commenced on or after May eighteenth, nineteen hundred seventy]~~ "persons of low income" or "families of low income," as such terms are defined in section two of this chapter.

3. "Owner." An individual, partnership, corporation or other entity, including a non-profit company, a mutual company, or a housing development fund company, which holds record or beneficial title in fee simple to the multiple dwelling and the real property upon which it is situate or the lessee thereof under a lease the unexpired term of which shall be not less than the term of the loan to be made under this article.

§ 15. Subdivision 1 of section 452 of the private housing finance law, as amended by chapter 923 of the laws of 1983, is amended and a new subdivision 1-a is added to read as follows:

1. Notwithstanding the provisions of any general, special or local law, a municipality is hereby authorized:

(a) to make or contract to make loans to the owners of existing multiple dwellings within its territorial limits, subject to the limitations in subdivision two of this section, for the elimination of any substandard or insanitary condition or conditions in violation of the multiple dwelling law or local housing code, for the incorporation of climate resiliency improvements or for such replacement and rehabilitation of the heating, plumbing, electrical and related systems or other improvements as shall be reasonably necessary to prolong the useful life of such dwellings, and may make temporary loans to such owners in anticipation of the permanent municipal loans for such purposes; and

(b) to make or contract to make grants to any owner described in paragraph (a) of this subdivision, on the same terms as permitted under such paragraph for a loan.

1-a. As used in this article, the term "loan" shall include any grant made by a municipality pursuant to this section, provided, however, that provisions of this article concerning the repayment or forgiveness of, or security for, a loan shall not apply to any grant made pursuant to this article.

§ 16. Subdivision 2 of section 452 of the private housing finance law, as amended by chapter 408 of the laws of 2009, is amended to read as follows:

2. Each loan shall be evidenced by a note executed by the owner of the existing multiple dwelling. The supervising agency in its discretion may require one or more of the shareholders of a corporate owner to co-sign such note or to otherwise guarantee or pledge security for the repayment of the loan. ~~[The amount of any such loan shall not exceed the sum of thirty-five thousand dollars (\$35,000) per dwelling unit, or the cost of eliminating such substandard or insanitary condition or conditions, or effecting such rehabilitation or improvement, whichever is less.]~~ Each such note shall be repaid within a period ~~[of the probable life of the existing multiple dwelling which is hereby determined to be thirty years, or such shorter period as the supervising agency shall determine]~~ of thirty-five years, provided that such period may be extended and shall be repaid within thirty-five years. The repayment shall be made in such manner as may be provided in such note and contract, if any, in connection with such loan and may authorize such owner, with the consent of the supervising agency, to prepay the principal of the loan subject to such terms and conditions as therein provided. Such note and contract may contain such other terms and provisions not inconsistent with the provisions of this article as the local legislative body or supervising agency may deem necessary or desirable to secure repayment of the loan, the interest thereon and other charges in connection therewith and to carry out the purposes and provisions of this article, including but not limited to provisions ensuring availability of rents for such repayment.

§ 17. Section 453 of the private housing finance law, as added by chapter 924 of the laws of 1970, paragraphs (c) and (d) as amended and paragraph (e) of subdivision 1 as added by chapter 273 of the laws of 1975, is amended to read as follows:

§ 453. Conditions precedent to making such loans. ~~[1.]~~ No such loan shall be made by a municipality to an owner of an existing multiple dwelling unless the owner of such multiple dwelling shall covenant in writing that so long as any part of such loan shall remain unpaid or for a period of at least ten years from the date of the loan, whichever is later:

~~[(a)]~~ 1. Each dwelling unit in such multiple dwelling shall be available solely for occupancy by persons of low income;

1 ~~[(b)]~~ 2. No person who lives in such multiple dwelling at the time the
2 loan is made shall be required to move because of the rehabilitation or
3 improvement financed thereby, except that a temporary relocation may be
4 required in connection with such rehabilitation or improvement;

5 ~~[(a)]~~ 3. All persons operating or managing such multiple dwelling will
6 permit the duly authorized officers, employees, agents or inspectors of
7 the municipality to enter in or upon and inspect such multiple dwelling
8 at all reasonable hours; ~~[and~~

9 ~~(d)]~~ 4. The municipality by such duly authorized representatives as
10 aforesaid shall have full power to investigate into and order the owner
11 of such multiple dwelling to furnish such reports and information as it
12 may require concerning such rehabilitation or improvement and shall have
13 full power to audit the books of said owner with respect to such
14 matters; and

15 ~~[(e)]~~ 5. The owner will submit to the supervising agency annually a
16 statement of the income and expenses of such multiple dwelling, in such
17 form as shall be approved by such agency.

18 ~~[2. No such loan shall be made by a municipality unless such owner~~
19 ~~executed an affidavit that he was unable to obtain financing for such~~
20 ~~rehabilitation or improvement because of the neighborhood, the age of~~
21 ~~the building, or other factors indicating an inability of the private~~
22 ~~sector unaided to cause such rehabilitation or improvement to be made.]~~

23 § 18. The article heading of article 8-B of the private housing
24 finance law, as added by chapter 786 of the laws of 1987, is amended to
25 read as follows:

26 LOANS TO ~~[OWNER-OCCUPANTS]~~ OWNERS OF ONE TO FOUR UNIT
27 PRIVATE AND MULTIPLE DWELLINGS

28 § 19. Section 470 of the private housing finance law, as amended by
29 chapter 200 of the laws of 1997, is amended to read as follows:

30 § 470. Policy and purposes of article. It is hereby declared and found
31 that there exists in municipalities within the state substandard and
32 unsanitary areas and neighborhoods containing deteriorated ~~[owner-occu-~~
33 ~~pied]~~ one to four unit private and multiple dwellings, and that the
34 rehabilitation or preservation of such dwellings is necessary in order
35 to aid in the prevention and elimination of slums and blight in such
36 areas and neighborhoods.

37 It further is found that there exists in such municipalities a seri-
38 ously inadequate supply of safe and sanitary ~~[owner-occupied]~~ one to
39 four unit private and multiple dwellings, particularly for persons of
40 low and moderate income, that existing non-compliance with local housing
41 codes and with the multiple dwelling law and the multiple residence law
42 threatens to decrease such supply, and that the rehabilitation, preser-
43 vation and improvement of such dwellings is necessary to arrest such
44 conditions of deterioration.

45 It further is found that the elimination of such conditions by reha-
46 bilitation or other improvements cannot be readily provided without
47 public aid in the form of low interest loans or grants to ~~[low and~~
48 ~~moderate income owner-occupants]~~ owners of such one to four unit dwell-
49 ings.

50 The rehabilitation, preservation or other improvements of such dwell-
51 ings ~~[owned and occupied by low and moderate income persons or fami-~~
52 ~~lies,]~~ is hereby declared a public purpose and a municipal purpose for
53 which public monies may be loaned or granted.

54 In order, further, to promote the preservation and rehabilitation of
55 such dwellings, it is hereby declared that additional provisions should

1 be made to provide public monies for interest reduction subsidies for
2 private loans made by private investors for such rehabilitation.

3 The necessity in the public interest for the provisions of this arti-
4 cle is hereby declared as a matter of legislative determination.

5 § 20. Subdivisions 6 and 9 of section 471 of the private housing
6 finance law are REPEALED and subdivisions 7, 8, 10, 11 and 12 are renum-
7 bered subdivisions 6, 7, 8, 9 and 10.

8 § 21. Subdivision 7 of section 471 of the private housing finance law,
9 as amended by chapter 200 of the laws of 1997, and as renumbered by
10 section twenty of this act, is amended to read as follows:

11 7. "Owner" shall mean an individual or individuals, a partnership, a
12 corporation or other entity, including but not limited to a trust, or a
13 joint tenancy, tenancy in common or tenancy by the entirety holding
14 record or beneficial title in fee simple to an existing private or
15 multiple dwelling and the real property upon which it is situated, or
16 the lessee thereof under a lease having an unexpired term of at least
17 thirty years. "Owner" shall be deemed to also include a cooperative
18 corporation or a condominium association.

19 § 22. Section 472 of the private housing finance law, as added by
20 chapter 786 of the laws of 1987, subdivision 1 as amended by chapter 479
21 of the laws of 2005, subdivision 2 as amended by chapter 408 of the laws
22 of 2009, subdivision 3 as amended by chapter 84 of the laws of 2001, and
23 subdivision 7 as added by chapter 705 of the laws of 1991, is amended to
24 read as follows:

25 § 472. Loans to [~~owner-occupants~~] owners. 1. Notwithstanding the
26 provisions of any general, special or local law, a municipality, acting
27 through an agency, is authorized:

28 (a) to make, or contract to make, loans to [low and moderate income
29 owner-occupants] owners of one to four unit existing private or multiple
30 dwellings within its territorial limits, subject to the limitation of
31 subdivisions two through seven of this section, in such amounts as shall
32 be required for the rehabilitation, improvement or acquisition of such
33 dwellings[7] provided, [however, that such loans shall not exceed sixty
34 thousand dollars per dwelling unit. Such] that any such rehabilitation
35 or improvement may include climate resiliency improvements. Such loans
36 may also be made exclusively for or include the refinancing of the
37 outstanding indebtedness of such dwellings, and the municipality may
38 make temporary loans or advances to such [~~owner-occupants~~] owners in
39 anticipation of permanent loans for such purposes; and

40 (b) to make or contract to make grants to any owner described in para-
41 graph (a) of this subdivision, on the same terms as permitted under such
42 paragraph for a loan.

43 1-a. As used in this article, the term "loan" shall include any grant
44 made by a municipality pursuant to this section, provided, however, that
45 provisions of this article concerning the repayment or forgiveness of,
46 or security for, a loan shall not apply to any grant made pursuant to
47 this article.

48 2. Each loan shall be evidenced by a note executed by the [~~owner-occu-~~
49 ~~pant~~] owner of the existing dwelling. Repayment of each such note shall
50 be within a period of [~~the probable life of the existing dwelling which~~
51 ~~is hereby determined to be thirty years, or such shorter period as the~~
52 ~~agency shall determine~~] thirty-five years, provided that such period may
53 be extended and shall be repaid within thirty-five years. The repayment
54 shall be made in such manner as may be provided in such note and
55 contract, if any, in connection with such loan, and may authorize such
56 [~~owner-occupant~~] owner, with the consent of the agency, to prepay the

1 principal of the loan subject to such terms and conditions as therein
2 provided. In order to make any such loan affordable to the [~~owner-occu-~~
3 ~~pant~~] owner, the agency may provide in such note and contract that all
4 of the outstanding principal of said loan may be self-liquidated over a
5 [~~fifteen-year~~] period of [~~owner-occupancy~~] not less than fifteen years
6 of continuous compliance by the owner with a regulatory agreement or
7 other restrictive covenant with or approved by the agency and upon the
8 satisfaction of any additional conditions specified therein. Such note
9 and contract may contain such other terms and provisions not inconsis-
10 tent with the provisions of this article as the agency may deem necessary
11 or desirable to secure repayment of the loan, the interest thereon, if
12 any, and other charges in connection therewith, and to carry out the
13 purposes and provisions of this article.

14 3. The agency in its discretion may require that the [~~owner-occupant~~]
15 owner execute, acknowledge and deliver a uniform commercial code financ-
16 ing statement for the real property improvement to be in such form as
17 the agency shall specify and in accordance with the requirements of
18 section 9--502 of the uniform commercial code of the state of New York.
19 Said financing statement shall be filed or recorded without charge in
20 accordance with the provisions of paragraph one of subsection (a) of
21 section 9--501 of the uniform commercial code, and from the date of such
22 filing the municipality shall have a lien against said real property
23 improvement for the amount advanced or so much thereof as remains unpaid
24 together with the interest thereon. Upon payment of all sums advanced by
25 the municipality and interest thereon, and upon demand of the then
26 record owner of the real property, the agency shall deliver a copy of
27 the financing statement with an endorsement thereon that the lien is
28 satisfied. Upon filing of such copy in the office where the financing
29 statement was filed and upon payment of the proper fee therefor, the
30 lien of such financing statement shall be discharged.

31 4. The agency may require the [~~owner-occupant~~] owner to execute a
32 mortgage as security for a loan in lieu of or in addition to a financing
33 statement as provided in subdivision three of this section. Such mort-
34 gage shall contain such terms and provisions not inconsistent with the
35 provisions of this article as the agency shall deem necessary or desira-
36 ble to secure repayment of the loan.

37 5. Loans may be made with respect to a one to four unit private or
38 multiple dwelling encumbered by mortgages, provided no mortgage is in
39 default, except if such default shall be remedied by the proposed reha-
40 bilitation or improvement.

41 6. The agency may charge the [~~owner-occupant~~] owner of such existing
42 private or multiple dwelling reasonable fees for administration, financ-
43 ing, regulation, supervision and audit.

44 7. In making a loan under this article, an agency shall have the power
45 to participate in a loan made by any private investor[, ~~provided that~~
46 ~~the portion of the loan funded by the agency shall not exceed an amount~~
47 ~~equal to seventy-five percent of the total loan.~~] The agency may enter
48 into an agreement with a private investor to deposit funds with such
49 private investor to cover the agency's participation in loans to
50 [~~owner-occupants~~] owners of one to four unit existing private and multi-
51 ple dwellings with such funds advanced by such private investor to
52 [~~owner-occupants~~] owners of existing dwellings. The portion of the loan
53 funded by the agency may be equal to or subordinate in lien to the
54 portion of the loan funded by the private investor and the note and
55 contract may contain such terms with respect to interest rate, if any,
56 and time of payment of principal and interest as determined by the agen-

cy. The agency may make provision, either in the mortgage or mortgages or by separate agreement, for the performance by the private investor of such services as are generally performed by a banking institution which itself holds a mortgage, including, without limitation, construction loan advances, construction supervision, initiation of foreclosure proceedings, procurement of insurance, and all other matters in connection with the financing, supervision, regulation and audit of any such loan. In order to make the loan affordable to the ~~[owner-occupant]~~ owner, the agency may provide an interest reduction subsidy pursuant to section four hundred seventy-five of this article, or may provide that all or part of the agency's portion of the outstanding principal of any such participation loan may be self-liquidated over a fifteen year period of ~~[owner-occupancy]~~ not less than fifteen years of continuous compliance by the owner with a regulatory agreement or other restrictive covenant with or approved by the agency and upon the satisfaction of any additional conditions specified therein.

§ 23. Subdivisions 1 and 2 of section 473 of the private housing finance law, as added by chapter 786 of the laws of 1987, are amended to read as follows:

1. No such loan shall be made to an ~~[owner-occupant]~~ owner of an existing private or multiple dwelling unless the ~~[owner-occupant]~~ owner of such private or multiple dwelling shall covenant in writing that so long as any part of such loan shall remain unpaid or for a period of at least ten years from the date of the loan, whichever is later: (i) the ~~[owner-occupant]~~ owner or managing agent or operator of such dwelling shall permit the duly authorized officers, employees, agents or inspectors of the agency to enter in or upon and inspect such private or multiple dwelling at all reasonable hours; (ii) the agency by such duly authorized representatives as aforesaid shall have full power to investigate into and order the ~~[owner-occupant]~~ owner of such dwelling to furnish such reports and information as it may require concerning such rehabilitation or improvement and shall have full power to audit the books of said owner with respect to such matters; and (iii) if the property to be rehabilitated is a multiple dwelling, the ~~[owner-occupant]~~ owner will submit to the agency annually a statement of income and expenses of such dwelling, in such form as shall be approved by the agency.

2. A municipality shall neither make nor participate in a loan to an ~~[owner-occupant]~~ owner of an existing private or multiple dwelling pursuant to this article unless the agency finds that the area in which such dwelling is situated is a blighted, deteriorated or deteriorating area or has a blighting influence on the surrounding area, or is in danger of becoming a slum or a blighted area because of the existence of substandard, unsanitary, deteriorating or deteriorated conditions, an aged housing stock, or other factors indicating an inability of the private sector to cause such rehabilitation to be made.

§ 24. Subdivision 2 of section 474 of the private housing finance law, as added by chapter 786 of the laws of 1987, is amended to read as follows:

2. The agency is authorized to make provision in the note and loan agreement or by separate agreement for the servicing of such loans by a loan servicing company or other qualified entity, as determined by the agency. and such services may include, but not be limited to, the collection of the debt services on such loans and the establishment, administration, and distribution of an escrow account for the payment of

1 the [~~owner-occupant's~~] owner's real estate taxes, sewer and water rents
2 and fire insurance.

3 § 25. Section 475 of the private housing finance law, as added by
4 chapter 786 of the laws of 1987, is amended to read as follows:

5 § 475. Interest reduction subsidies. Notwithstanding the provisions of
6 any general, special or local law, a municipality, acting through an
7 agency, is authorized to provide, or contract to provide, interest
8 reduction subsidies for loans made by private investors to [~~low and~~
9 ~~moderate income owner-occupants~~] owners of one to four unit existing
10 private or multiple dwellings within its territorial limits, if such
11 [~~owner-occupants~~] owners would have been eligible under the provisions
12 of this article for a loan made by the municipality pursuant to this
13 article.

14 § 26. The private housing finance law is amended by adding two new
15 sections 611 and 612 to read as follows:

16 § 611. Rent stabilization and regulatory agreements. 1. Notwithstand-
17 ing any other provision of law, including the provisions of, or any
18 regulation promulgated pursuant to, the emergency tenant protection act
19 of nineteen seventy-four or the rent stabilization law of nineteen
20 hundred sixty-nine, the state division of housing and community renewal,
21 when supervising housing accommodations under provisions of law other
22 than the emergency tenant protection act of nineteen seventy-four or the
23 rent stabilization law of nineteen hundred sixty-nine, the New York city
24 department of housing preservation and development, the New York state
25 urban development corporation, the New York state housing finance agen-
26 cy, the New York state housing trust fund, and the New York city housing
27 development corporation, or such other state or municipal agency, poli-
28 tical subdivision, public benefit corporation, or instrumentality as
29 the state division of housing and community renewal shall identify, may,
30 by agreement with an owner of a multiple dwelling, subject any housing
31 accommodation in such multiple dwelling to the emergency tenant
32 protection act of nineteen seventy-four or the rent stabilization law of
33 nineteen hundred sixty-nine, or both, if applicable to the municipality.
34 The requirements of such agreement shall supplement any requirements
35 imposed on such housing accommodation pursuant to any other provisions
36 of law.

37 2. Any agreement between a state or municipal agency, political subdi-
38 vision, public benefit corporation, or instrumentality described in
39 subdivision one of this section and an owner of a multiple dwelling that
40 contains provisions that are consistent with subdivision one of this
41 section and that is in effect as of the effective date of this section
42 is and will remain valid and enforceable.

43 § 612. Compliance monitoring. 1. Any supervising agency and any public
44 benefit corporation created pursuant to this chapter shall have the
45 power to: (a) subpoena, require the attendance of and examine and take
46 testimony under oath of such persons as it deems necessary to monitor,
47 and enforce compliance with, a note, mortgage, other financing agree-
48 ment, regulatory agreement, deed, land disposition agreement, or other
49 restrictive covenant with or approved by such agency or corporation and
50 entered into in connection with an action taken pursuant to this chap-
51 ter, the general municipal law, the real property tax law, or the New
52 York city zoning resolution; and (b) subpoena and require the production
53 of books, accounts, papers, documents and other evidence related to such
54 monitoring and enforcement.

55 2. Any person who has been issued a subpoena, or any other require-
56 ment to testify or produce books and records, pursuant to subdivision

1 one of this section, shall be required to comply with such subpoena or
2 other requirement within a reasonable period of time established by the
3 supervising agency or public benefit corporation that issued such
4 subpoena. Each day in which a person fails to comply with such subpoena,
5 or with any other such requirement to testify or produce books and
6 records, shall constitute a separate violation of this section. The
7 civil penalty for each such violation shall be not more than two hundred
8 fifty dollars, provided that such penalty shall not apply to any period
9 during which such subpoena or other requirement to testify or produce
10 books and records is the subject of a pending judicial proceeding
11 commenced prior to the expiration of the period of time established by
12 such supervising agency or public benefit corporation for compliance
13 with such subpoena or other requirement to testify or produce books and
14 records.

15 3. Any such supervising agency or public benefit corporation may
16 promulgate rules and regulations to carry out the provisions of this
17 section.

18 § 27. Section 800 of the private housing finance law, as amended by
19 chapter 456 of the laws of 2003, is amended to read as follows:

20 § 800. Policy and purposes of article. It is hereby declared and found
21 that there exists in municipalities in this state substandard and insan-
22 itary areas and neighborhoods characterized by undermaintained and dete-
23 riorating housing accommodations and under-utilized non-residential
24 buildings and under-utilized vacant land. It is further found that there
25 exists in such municipalities a diminishing and seriously inadequate
26 supply of safe and sanitary dwelling accommodations, particularly for
27 persons of low income; that the loss of housing accommodations is caused
28 by the inability of the ordinary unaided operations of private enter-
29 prise to make loans for rehabilitation or construction purposes or for
30 conversion which accelerates the process of deterioration and abandon-
31 ment, turning active and viable neighborhoods into slums and blighted
32 areas; and that the prevention of deterioration and loss through aban-
33 donment can only be achieved by the elimination of conditions which are
34 unsafe or detrimental to health, the replacement of antiquated heating,
35 plumbing, and electrical systems and, where necessary, the overall reha-
36 bilitation of certain housing accommodations, the construction of new
37 housing accommodations on vacant land and the conversion of under-uti-
38 lized non-residential property to residential use, and that the unavail-
39 ability of funds for the conversion of under-utilized property to resi-
40 dential use, for the preservation and rehabilitation of housing
41 accommodations and for the construction of new housing accommodations on
42 vacant land constitutes a threat to the health, safety and well-being of
43 the persons who occupy them and denies to others the possibility of
44 living in safe and sanitary housing accommodations.

45 In order to promote the preservation and rehabilitation of such hous-
46 ing accommodations, the creation of new housing accommodations by the
47 conversion of under-utilized non-residential property into multiple
48 dwellings and the construction of new housing accommodations on vacant
49 land in such areas and to encourage the investment of private capital in
50 such areas, provision should be made for a municipality to attract
51 private investment for such purposes by utilizing funds, which are
52 available from the federal government through specific or discretionary
53 grants, or are available from other financing sources, for joint partic-
54 ipation loans with private investors, or loans or grants by the muni-
55 city. to effect the required construction, rehabilitation or conver-
56 sion.

1 The necessity in the public interest for the provisions hereinafter
2 enacted is hereby declared as a matter of legislative determination.

3 § 28. Subdivision 5 of section 801 of the private housing finance law,
4 as amended by chapter 456 of the laws of 2003, is amended to read as
5 follows:

6 5. "Owner" shall mean an individual, partnership, corporation or other
7 entity, including a non-profit company, a mutual company, or a housing
8 development fund company, which holds record or beneficial title in fee
9 simple to the existing multiple dwelling to be rehabilitated or the
10 non-residential property to be converted into a multiple dwelling and
11 the real property upon which it is situate or to vacant land upon which
12 the new multiple dwelling is to be constructed, or is the lessee of any
13 such real property having an unexpired term of at least thirty years.

14 § 29. Section 801 of the private housing finance law is amended by
15 adding a new subdivision 5-a to read as follows:

16 5-a. "Participation loan" and the municipality's "participation" in,
17 "portion" of, or "investment" in a loan, or words of similar meaning,
18 shall mean any loan or grant made by the municipality or the New York
19 city housing development corporation pursuant to this article either
20 with or without a private investor, provided, however, that provisions
21 of this article concerning the repayment or forgiveness of, or security
22 for, a loan shall not apply to any grant made pursuant to this article.

23 § 30. Subdivision 6 of section 801 of the private housing finance law,
24 as amended by chapter 456 of the laws of 2003, is amended to read as
25 follows:

26 6. "Private investor" shall mean one or more banking organizations,
27 foundations, labor unions, credit unions, employers' associations,
28 veterans' organizations, colleges, universities, educational insti-
29 tutions, child care institutions, hospitals, medical research insti-
30 tutes, insurance companies, trustees or fiduciaries, trustees of pension
31 and retirement funds and systems, corporations, partnerships, individ-
32 uals or other entities or any combination of the foregoing, and shall
33 include the United States of America and the state of New York and any
34 ~~[of its agencies acting as a lender under the loan program pursuant to~~
35 ~~section three hundred twelve of the housing act of nineteen hundred~~
36 ~~sixty-four and any amendments thereto or any similar program]~~ agency,
37 office or public benefit corporation thereof. As used in this subdivi-
38 sion, the terms "trustees" and "fiduciaries" shall include any fiduciary
39 or fiduciaries holding funds for investment, and the term "banking
40 organizations" shall have the same meaning as in subdivision eleven of
41 section two of the banking law.

42 § 31. Subdivisions 1, 3 and 4 of section 802 of the private housing
43 finance law, subdivisions 1 and 3 as amended by chapter 456 of the laws
44 of 2003 and subdivision 4 as added by chapter 822 of the laws of 1976,
45 are amended to read as follows:

46 1. (a) Notwithstanding the provisions of any general, special or local
47 law, one or more private investors and a municipality, acting through
48 its agency, shall have the power to participate and invest in making
49 loans to the owners of existing multiple dwellings or to the owners of
50 non-residential property or to the owners of vacant land subject to the
51 limitations of subdivisions two through seven of this section, in such
52 amounts as shall be required for (i) the rehabilitation of such existing
53 multiple dwellings or for the conversion of such non-residential proper-
54 ty or for the construction of a new multiple dwelling on such vacant
55 land, provided that such rehabilitation, conversion or construction may
56 include climate resiliency improvements, and if any such owner acquires

1 the existing multiple dwelling or the non-residential property or the
2 vacant land for the purpose of such rehabilitation, conversion or
3 construction or owns the existing multiple dwelling or the non-residen-
4 tial property or the vacant land subject to an outstanding indebtedness,
5 such loans may be made exclusively for or may include such amounts as
6 may be required for the cost of such acquisition or for the refinancing
7 of such outstanding indebtedness, (ii) providing site improvements
8 located on the property on which such existing multiple dwellings are
9 located or on such non-residential property or vacant land or in a
10 public right-of-way, including, but not limited to, water and sewer
11 facilities, sidewalks, landscaping, parks and open space, social, recre-
12 ational, communal and other non-residential facilities and the outfit-
13 ting thereof, the curing of problems caused by abnormal site conditions,
14 excavation and construction of footings and foundations and other
15 improvements associated with the provision of infrastructure for housing
16 accommodations, or (iii) providing for other costs of developing housing
17 accommodations, and such private investors and a municipality may joint-
18 ly participate or invest in the making of temporary loans or advances to
19 such owners in anticipation of the permanent participation loans for
20 such purposes.

21 (b) Notwithstanding the provisions of any general, special or local
22 law, and in addition to the power to make or contract to make partic-
23 ipation loans granted by paragraph (a) of this subdivision, the munici-
24 pality, acting through its agency, and the New York city housing devel-
25 opment corporation shall each have the power to make or contract to make
26 loans or grants to any owner described in paragraph (a) of this subdivi-
27 sion without the participation of a private investor, on the same terms
28 as permitted under such paragraph for a participation loan.

29 3. [~~(a)~~] Each participation loan shall be secured by a bond or note
30 and single participating mortgage or by separate bonds or notes and
31 mortgages upon any portion or all of the existing multiple dwelling or
32 the non-residential property and the land upon which it is situated or
33 in the case of the construction of a new multiple dwelling, upon any
34 portion or all of the vacant land and the multiple dwelling to be
35 constructed, provided that each such loan shall be made upon such terms
36 and conditions as may be approved by the agency, including but not
37 limited to provisions that [~~(i)~~] (a) priority may be given to the
38 payment of the principal of and interest on that portion of the mortgage
39 indebtedness attributable to participation in the loan by one or more
40 private investors, [~~(ii)~~] (b) the interest of the municipality created
41 as a result of making such a mortgage loan may be subordinated to the
42 interest that one or more of such private investors may have upon such
43 participation, [~~(iii)~~] (c) the interest of each upon such participation
44 need not be of equal priority as to lien nor be equal as to interest
45 rate, time or rate of amortization of principal or time of payment of
46 interest, or otherwise, [~~(iv)~~] (d) the bond or note and mortgage may
47 provide that the municipality's portion of a participation loan made to
48 an owner shall be reduced to zero commencing in the fifteenth year after
49 the execution of the bond or note and mortgage, provided that, as of the
50 date of any such reduction, such multiple dwelling has been and contin-
51 ues to be owned and operated in a manner consistent with a regulatory
52 agreement with the municipality. Notwithstanding such provision as
53 contained in the bond or note and mortgage, the municipality's portion
54 of the loan shall be reduced to zero only if, prior to or simultaneously
55 with delivery of such bond or note and mortgage, the agency made a writ-
56 ten determination that such reduction would be necessary to ensure the

1 continued affordability or economic viability of the multiple dwelling.
2 Such written determination shall document the basis upon which the loan
3 was determined to be eligible for evaporation.

4 ~~[(b) The aggregate amount of each such participation loan shall not~~
5 ~~exceed the cost of the rehabilitation, conversion or construction, plus~~
6 ~~the costs of any or all undertakings necessary for the planning, financ-~~
7 ~~ing, acquisition, satisfaction of tax liens and other municipal liens~~
8 ~~and encumbrances, construction, equipment and development in connection~~
9 ~~therewith, provided that, if any portion of such loan is used for the~~
10 ~~cost of acquisition or for refinancing, the amount of a municipality's~~
11 ~~portion of such loan shall not exceed one and one-half times the cost of~~
12 ~~rehabilitation, conversion or construction.~~

13 ~~[(c) The amount of any such loan, together with the amount of all prior~~
14 ~~liens and encumbrances, shall not exceed, except in the case of a loan~~
15 ~~made to a non-profit company, a mutual company, or a housing development~~
16 ~~fund company, ninety per centum of value unless the agency makes a writ-~~
17 ~~ten determination that the owner has insufficient resources to pay for~~
18 ~~the remaining ten per centum of value, in which case such loan shall not~~
19 ~~exceed ninety-five per centum of value. The amount of any such loan,~~
20 ~~together with the amount of all prior liens and encumbrances, made to a~~
21 ~~non-profit company, a mutual company, or a housing development fund~~
22 ~~company shall not exceed value, provided that when after completion of~~
23 ~~such rehabilitation, conversion or construction, such multiple dwelling~~
24 ~~is, or is to be operated, exclusively for the benefit of persons and~~
25 ~~families who are entitled to occupancy by reason of ownership of stock~~
26 ~~in the corporate owners, such loan shall not exceed ninety-eight per~~
27 ~~centum of value unless the agency makes a written determination that the~~
28 ~~owner has insufficient resources to pay for the remaining two per centum~~
29 ~~of value, in which case such loan shall not exceed value.]~~

30 4. Each such bond or note and mortgage or bonds or notes and mortgages
31 shall be repaid over or within a period of [~~thirty~~] thirty-five years,
32 provided that such period may be extended and shall be repaid within
33 thirty-five years, in such manner as may be provided in such bond or
34 note and mortgage or bonds or notes and mortgages [~~but in no case shall~~
35 ~~the term of such loan exceed the probable life of the multiple dwelling~~
36 ~~which is hereby determined to be thirty years~~]. Such bond or note and
37 mortgage or bonds or notes and mortgages and any contract in connection
38 with such permanent and temporary loans may contain such other terms and
39 provisions not inconsistent with the provisions of this article as the
40 local legislative body or the agency may deem necessary or desirable to
41 secure repayment of the loan, the interest thereon and other charges in
42 connection therewith and to carry out the purposes and provisions of
43 this article.

44 § 32. Subdivisions 2, 3 and 6 of section 1151 of the private housing
45 finance law, subdivision 2 as amended by chapter 567 of the laws of 1993
46 and subdivisions 3 and 6 as added by chapter 639 of the laws of 1989,
47 are amended to read as follows:

48 2. "Eligible project" shall mean a project intended to construct new
49 housing accommodations on an eligible site by new construction or
50 substantial rehabilitation, provided that such new construction or
51 substantial rehabilitation may include climate resiliency improvements.
52 An eligible project shall serve the needs of persons of low income,
53 including privately-owned one to four family dwellings, condominiums and
54 cooperatives, and rental projects.

55 3. [~~"Development costs" shall mean the reasonable and necessary costs~~
56 ~~for planning, financing, acquisition of land or buildings and~~

~~construction of new buildings or the reconstruction, rehabilitation, repair or remodeling of existing buildings and the costs of necessary site improvements]~~ "Participation loan" and the city's "participation" in, "portion" of, or "investment" in a loan, or words of similar meaning, shall mean any loan or grant made by the agency pursuant to this article either with or without a private lender, provided, however, that provisions of this article concerning the repayment or forgiveness of, or security for, a loan shall not apply to any grant.

6. "Loan" shall mean a [~~first~~] mortgage loan made by a private lender in participation with the city of New York to a sponsor for the purpose of construction of an eligible project including a loan in which the portion of the loan funded by the agency is represented by a separate note and mortgage.

§ 33. Section 1152 of the private housing finance law, as added by chapter 639 of the laws of 1989, subdivision 4 as amended and subdivision 13 as added by chapter 241 of the laws of 1998, subdivision 12 as added by chapter 400 of the laws of 1994, and paragraph e of subdivision 12 as amended by chapter 118 of the laws of 2003, is amended to read as follows:

§ 1152. Affordable housing development loans. 1. (a) Notwithstanding the provisions of any general, special or local law, one or more private lenders and the city of New York, acting through the agency shall have the power to participate and invest in making loans to sponsors for the construction of eligible projects. Such loans may be made exclusively for or may include such amounts as may be required for site acquisition or the refinancing of eligible projects. Each such participation loan shall be secured by a bond or note and single participating mortgage or by separate bonds or notes and mortgages upon all or any portion of the eligible project. Such bond or note and mortgage or bonds or notes or mortgages may contain such other terms and provisions not inconsistent with the provisions of this article as the agency may deem necessary or desirable.

(b) Notwithstanding the provisions of any general, special or local law, and in addition to the power to make or contract to make participation loans granted by paragraph (a) of this subdivision, the city of New York, acting through the agency, shall have the power to make or contract to make loans or grants to any owner described in paragraph (a) of this subdivision without the participation of a private lender, on the same terms as permitted under such paragraph for a participation loan.

2. [~~The portion of such loan funded by the agency shall not exceed an amount equal to sixty percent of the actual total development cost of an eligible project.~~] The agency may enter into an agreement with a private lender to deposit its share of a loan with the private lender to be advanced by the private lender. The portion of the loan funded by the agency may be equal to or subordinate in lien to the portion of the loan funded by the private lender and may contain such terms with respect to interest rate, if any, rate of amortization of principal, if any, and time of payment of interest and principal as determined by the agency. The agency may make provision either in the mortgage or mortgages or by separate agreement for the performance by the private lender of such services as are generally performed by a banking institution which itself holds a mortgage, including, without limitation, construction loan advances, construction supervision, initiation of foreclosure proceedings, procurement of insurance, and all other matters in

1 connection with the financing, supervision, regulation and audit of any
2 such loan to any such eligible project.

3 ~~3. [If a portion of the loan is to be utilized for acquisition of an~~
4 ~~eligible site such portion shall in no event exceed fifteen percent of~~
5 ~~the total amount of such loan or the appraised value of the site, which~~
6 ~~ever is the lesser.~~

7 ~~4.]~~ If the eligible project is to consist of one to four unit dwelling
8 accommodations or cooperative or condominium units, the agency's share
9 of the loan may be converted after completion of construction into mort-
10 gages on such dwelling accommodations or condominium units or financing
11 statements filed with respect to such cooperative shares, provided such
12 units or such cooperative shares are purchased by persons of [eligible]
13 low income. Such mortgages and any blanket mortgage that the agency
14 retains on any portion of, or on all of, the eligible project may
15 provide that [they] such mortgages and such blanket mortgage will auto-
16 matically be reduced to zero over a period of continuous [owner-occupan-
17 ~~cy of the housing accommodations assisted by such loan~~] compliance by
18 the mortgagee with a regulatory agreement or other restrictive covenant
19 with or approved by the agency and upon the satisfaction of any addi-
20 tional conditions specified therein. Notwithstanding such provision as
21 contained in such mortgage, the loan shall be reduced to zero only if,
22 prior to or simultaneously with delivery of such mortgage, the agency
23 made a written determination that such reduction would be necessary to
24 ensure the continued affordability or economic viability of the eligible
25 project. Such written determination shall document the basis upon which
26 the loan was determined to be eligible for evaporation. Such period of
27 continuous [owner-occupancy] compliance with such regulatory agreement
28 or other restrictive covenant shall not be less than fifteen years.

29 ~~[5.]~~ 4. If the eligible project is to consist of one to four unit
30 dwelling accommodations or cooperative or condominium units, the agency
31 shall require that the dwelling units be offered only to bona fide
32 purchasers who intend to occupy a unit as their principal place of resi-
33 dence; provided, however, that in the case of two to four unit dwelling
34 accommodations the bona fide purchaser may occupy only a single unit as
35 a principal place of residence. If the purchaser ceases to occupy the
36 unit as a principal place of residence, the agency may provide for
37 recapture of all or a portion of the agency's share of the loan.

38 ~~[6.]~~ 5. If the eligible project is a rental project, the agency's
39 share of the loan may be converted after completion of construction into
40 a [~~non-interest bearing, non-amortizing thirty year loan~~] permanent loan
41 with a term of thirty-five years, provided that such period may be
42 extended and shall be repaid within thirty-five years, payable [~~at the~~
43 ~~end of its term, provided that such loan shall be also payable out of~~
44 ~~profits upon any sale or refinancing of the project prior to the end of~~
45 ~~such thirty year period~~] in such manner as may be provided in the note
46 and any mortgage in connection with such loan. Such note and mortgage
47 may contain such terms and conditions as the agency may deem necessary
48 or desirable to effectuate the purposes and provisions of this article.
49 The sponsor or any subsequent owner or owners of such a project shall
50 agree to rent such units only to persons of [eligible] low income for
51 such [~~thirty year~~] period [~~and shall agree that all~~] as the agency may
52 determine. All such units shall be subject to the emergency tenant
53 protection act of nineteen seventy-four and the rent stabilization law
54 of nineteen hundred sixty-nine, as amended [~~for a period of thirty years~~
55 ~~after initial occupancy~~], unless converted to a cooperative or condomi-
56 nium pursuant to subdivision [~~eight~~] seven of this section. [~~At the end~~

~~of such period each unit shall continue to be subject to such law there-
after until the first vacancy occurs at which time the unit shall be
decontrolled.]~~ Initial rentals for all rental units shall be set by the
agency.

~~[7.]~~ 6. If the eligible project is a rental project annual profits
shall be limited to an amount set by the agency for as long as the loan
is outstanding. Excess profits shall be used to establish project
reserves, provide capital improvements or reduce the principal amount of
the agency's loan, as determined by the agency.

~~[8.]~~ 7. If the eligible project is a rental project, no conversion to
a cooperative or condominium shall be permitted for a period of twenty
years after initial occupancy, and unless (i) the agency's share of the
loan is prepaid upon such conversion, (ii) the conversion shall be done
pursuant to section three hundred fifty-two-eeee of the general business
law as a non-eviction plan, and (iii) apartments occupied by non-pur-
chasing tenants continue to be subject to the rent stabilization law of
nineteen hundred sixty-nine as amended, until the occurrence of a vacan-
cy.

~~[9.]~~ 8. A loan made pursuant to this article shall be exempt from the
mortgage recording taxes imposed by article eleven of the tax law.

~~[10.]~~ 9. Notwithstanding the provisions of any general, special or
local law or charter, the agency shall have power, without soliciting
competing bids, to contract with any sponsor or to make provision in a
loan for the construction or reconstruction of any site improvements
located in the public right-of-way or on the eligible site which are
necessary for the development of an eligible project. Such site improve-
ments may include, but shall not be limited to, streets, sidewalks,
landscaping, parks and open space, social, recreational, communal and
other non-residential facilities and the outfitting thereof, lighting
fixtures, and water and sewer lines.

~~[11.]~~ 10. No loan shall be made pursuant to the provisions of this
article unless the agency finds that: (a) the construction of the eligi-
ble project does not directly displace current low and moderate income
residents of the eligible site; (b) the eligible project leverages
private and other public investment, if any, so as to reduce the amount
of assistance provided pursuant to this article to the minimal amount
which is necessary for construction of the eligible project; (c) the
eligible project will be built by a private developer/builder who has
agreed to limit its profit in accordance with a formula satisfactory to
the agency; (d) the eligible project will provide assistance to an area
which is blighted or deteriorated or has a blighting influence on the
surrounding area, or is in danger of becoming a slum or a blighted area
because of neighborhood conditions indicating an inability or unwilling-
ness of the private sector to cause the type of construction for which a
loan is to be provided; and (e) the eligible project will make home
ownership or rental housing affordable to persons who cannot presently
afford the housing available based upon the ordinary unaided operation
of private enterprise.

~~[12.]~~ 11. a. The agency may make non-interest bearing advances to
sponsors to defray the pre-development costs of eligible projects in
accordance with the provisions of this chapter.

b. No such advances shall be made unless the agency finds that: (i)
the sponsor proposes to finance the eligible project in whole or in part
by a loan granted pursuant to this article or that the project, if
otherwise financed, will provide housing for persons or families of low
income, and that such project is otherwise consistent with the purposes

1 of this article; (ii) the project site is suitable, there is a need for
2 the housing type proposed in the area to be served and the project is
3 feasible; and (iii) it is reasonable to anticipate that financing will
4 be obtained and the agency makes a finding to that effect.

5 c. No such advances may be made to a sponsor unless such sponsor
6 enters into an agreement with the agency which provides that such spon-
7 sor shall be regulated with respect to rents, profits, dividends and
8 disposition of its property or franchise, in accordance with the
9 provisions of this article.

10 d. An advance granted pursuant to this section shall be used only to
11 defray the pre-development costs of eligible projects. For purposes of
12 this subdivision, the term pre-development costs shall include, but
13 shall not be limited to: the reasonable and necessary costs for plan-
14 ning, site preparation, developing architectural drawings and conducting
15 engineering and environmental studies, but shall not include acquisition
16 of land or buildings, drainage and landscaping of vacant land,
17 construction of new buildings or the reconstruction or rehabilitation of
18 existing buildings.

19 e. Each such advance shall be repaid in full to the agency by the
20 sponsor. Such repayment shall be made upon receipt by the sponsor or its
21 successor in interest of the proceeds of its mortgage or construction
22 loan for the eligible project, unless the agency extends the period for
23 the repayment of such advances. In no event shall the time of repayment
24 be extended to a date later than the date of final advance of funds
25 pursuant to such mortgage or construction loan. Notwithstanding this
26 paragraph, the agency may reduce such advance to zero over a period of
27 continued compliance with the agency's agreement with the sponsor pursu-
28 ant to paragraph c of this subdivision if the agency has made a written
29 determination that such reduction would be necessary to ensure the
30 continued affordability or economic viability of the eligible project.
31 Such written determination shall document the basis upon which the agen-
32 cy's non-interest bearing advance was determined eligible for evapo-
33 ration.

34 f. If the agency, in its discretion, determines at any time that mort-
35 gage or construction financing for the eligible project may not be
36 obtained, then all advances made to the sponsor pursuant to this subdivi-
37 sion shall become immediately due and payable upon the demand of the
38 agency.

39 ~~[13-]~~ 12. If the eligible project is a rental project, the bond or
40 note and mortgage or bonds or notes or mortgages issued by the sponsor
41 of any eligible project to secure a participation loan may provide that
42 the city's portion of such loan shall be reduced to zero commencing on
43 the fifteenth year after the execution of such bond or note and mortgage
44 or bonds or notes or mortgages, provided that, as of the date of any
45 such reduction, the eligible project has been and continues to be owned
46 and operated in a manner consistent with a regulatory agreement with the
47 city. Notwithstanding such provision as contained in the bond or note
48 and mortgage or bonds or notes or mortgages, the loan shall be reduced
49 to zero only if, prior to or simultaneously with delivery of such bond
50 or note and mortgage or bonds or notes or mortgages, the agency made a
51 written determination that such reduction would be necessary to ensure
52 the continued affordability or economic viability of the eligible
53 project. Such written determination shall document the basis upon which
54 the loan was determined to be eligible for evaporation.

55 § 34. This act shall take effect immediately, provided, however, that
56 the amendments to subdivision 1 of section 696-a of the general munici-

1 pal law made by section one of this act shall be subject to the expira-
2 tion and reversion of such subdivision pursuant to section 2 of chapter
3 613 of the laws of 1996, as amended, when upon such date the provisions
4 of section two of this act shall take effect.